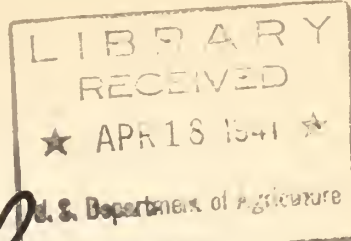


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5 Minutes of **AAA NEWS BRIEFS**

Facts for **NORTHEAST COMMITTEEMEN**

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FARMER REFERENDUM ON WHEAT MARKETING QUOTAS EXPECTED

Note: The Northeastern Regional Committee has asked that a summary of the facts about wheat marketing quotas be made available to all committeemen. The committee believes that the subject is likely to be so widely discussed, even in areas where no wheat is grown, that all committeemen will want to know the facts. The following statement attempts to cover the broader aspects of the question.

Wheat Program Supports U. S. Price.

Since the present farm act became law in 1938, the wheat program has held the United States price of wheat above the world level. This is principally the result of the loan. The cooperating grower who puts his wheat under Government loan has the choice of paying off his loan or delivering it to the Government in settlement of his obligation.

With this opportunity available, growers naturally hold their wheat for a price at least equal to the loan rate. In that way the loan becomes a practical and simple way of sustaining prices.

The Collateral for Loans Must Be Protected.

Experience under the Farm Board indicated that price-supporting measures without production control would lead to increased surpluses and ultimate failure of the entire price-stabilizing effort.

With this experience vividly in mind, the framers of the present act gave the loans two protections. First, there are the voluntary acreage allotments. Second, there are marketing quotas.

Quotas protect loans by helping maintain the value of the loan collateral.

A Wheat Quota Referendum Is Probable This Spring.

It seems likely that the conditions set forth in the act as calling for a wheat marketing quota referendum will exist this spring. According to present estimates we shall have a carry-over of old wheat of about 380 million bushels at the end of the current marketing year. To that must be added the production of this year's crop in order to compute the total supply. Using the last Government estimate for the winter wheat crop and the average yield for the spring wheat crop, it is believed that more than 800 million bushels will be harvested in 1941. Counting the crop and the old wheat carry-over, the supply in sight appears likely to reach 1,200 million bushels. That's nearly enough to last this country 2 years if not even one kernel were seeded in 1942.

The farm act calls for a quota proclamation whenever it appears "that the total supply of wheat as of the beginning of any marketing year will exceed a normal year's domestic consumption and exports by more than 35 percent."

Present estimates are that the supply for the coming year will exceed the quota level by nearly 200 million bushels.

Why This Wheat Surplus?

The question may be raised as to why, with acreage allotments in effect, these large supplies piled up. The answer lies mainly in the export situation resulting from the war. During the last marketing year before the war we exported well over 100 million bushels of wheat. The year the war broke out sales to foreign markets dropped to about 50 million bushels, and for the current year exports probably won't exceed 30 or 35 million bushels.

Meanwhile, the wheat allotment was based on markets that included normal exports. This was the result of two factors. First, the wheat allotments have been based on normal markets and normal yields -- they are not jumped up and down violently to meet temporary situations. It is a stabilizing program. Allotments are adjusted to situations and trends but not erratically.

And second, the allotments for 1941 were maintained at a level higher than ordinary conditions would warrant in order to insure a margin of safety for national defense.

Export Market Precarious.

It is said that some people look for a pick-up in wheat exports -- some sudden opening of the European market.

Of course it is not possible to make a categorical assertion that no such opening will occur. On the whole, however, it seems to be an extremely remote probability.

It is true that Europe is short of wheat now. And undoubtedly the war has interfered and will interfere with the seeding of the 1941 crop over there. But there is very little likelihood, barring an unpredictable quick peace, that the Continental market will be open on any substantial basis. That leaves Britain as almost the only market, and her dominions are faced with surpluses even greater than those in the United States. Canada alone has enough wheat to fill all Britain's needs for 2 years.

To a limited extent, Spain may be open for shipments, but Argentina has large available supplies and is the most probable source of supply for that market. With a pressing need for hemisphere cooperation for defense, we are not without some concern for markets for our neighboring American democracies.

In any event, the probability of cash markets is remote.

Loans Prevent Price Collapse.

So much for the wheat situation. Now what is to be gained from marketing quotas? In short, this: The Government cannot continue loans on surplus wheat without the protection of quotas. Without the loan, the market would have to take a supply far in excess of the quantity that can be used, except as livestock feed, and in the Northeast the price of wheat likely would go to the level it would bring as livestock feed.

How Quotas Work.

If quotas are applied they will work about as follows: Any farmer who does not harvest more than his allotted wheat acreage will be entirely free of restrictions. Any small producer -- how large will be defined by amendments under consideration by Congress as this is written -- may market all he grows free of restriction. But any large producer who harvests more than his allotted acreage will be required to store and hold under seal or turn over to the Government, as he prefers, the production of the acreage in excess of his allotment. If he fails to do so, he will be subject to a penalty for each bushel of excess wheat.

Any farmer who has produced no excess wheat will be given an authorization to market his crop without restriction. When any other farmer has stored his excess under seal or paid the required penalty, he will be given a similar authorization. Any buyer who buys from a farmer without such an authorization will be under obligation to collect the penalty and turn it over to the Government. If he fails to do so, he himself will be liable for the penalty.

The marketing quotas will be administered by the County A.C.P. Committees.

Effect on General Farmers.

That stable fair prices for grains and decent incomes for grain farmers assist in making good incomes possible on Northeastern livestock farms, is generally understood. Cheap grain brings in its train overproduction and low prices of livestock products. Northeastern dairymen and poultrymen as a rule lose more from the drop in the prices of what they have to sell than they save through the drop in the cost of the grain they buy. With quota conditions, but without quotas, there would be every reason to expect a collapse in grain prices, followed eventually by a drop in livestock values.

Quotas Are Democratic.

The theory of democracy is that in essential matters a large majority may require a small minority to cooperate for the general good. The quota proposal is an application of this principle. It permits two-thirds or more of the wheat growers to require the cooperation of the rest in protecting the wheat market.

The theory of democracy lists certain things -- opinion, speech, religion, and so on -- as matters in which the individual is free. But democracy provides that in less personal matters the individual does not have a right to exercise freedom to do things that seriously injure the welfare of the great majority.

The protection of the majority against the destructive action of individuals or small minorities is an essential function of government. The absence of this power and its exercise is anarchy.

The Farmer's Part in the Partnership.

The quota vote gives wheat growers a chance to state whether they will themselves take the responsibility for doing their half of the job of keeping the prices of their product sound and stable. By providing loans at fair levels, the Government does its part in the farmer-government partnership -- it protects farmers' prices. By quotas, farmers do their part -- they protect the Government's loans.

A. W. Manchester

A. W. Manchester,
Director, Northeast Division.